

COMBINED MEETING OF THE BOARDS OF DIRECTORS
MONTEREY DUNES COLONY ASSOCIATION
AND
MONTEREY DUNES COLONY MUTUAL WATER ASSOCIATION
MINUTES OF THE JANUARY 19, 2002

Dick Love called the meeting to order at 10:08 AM, January 19, 2002 at the Monterey Dunes Colony Clubhouse, 195 Monterey Dunes Way, Castroville, CA 95012.

PRESENT

Dick Love, President
Mary Jansing-Balگوoyen, Treasurer
Ellen Michaels, Director
Marty Deggeller, Director
Tom Bugary, Secretary and General Manager

ABSENT

Burke Critchfield, Vice President

MINUTES

The board reviewed the minutes from the November 17, 2001 meeting. It was M/S/C to approve the minutes as written. The length of the minutes were discussed, two homeowners in the audience complimented the minutes as written and commented on how informative they were. Others commented that the minutes needed to be shortened to give a brief overview of the Board Meeting. Dick Love commented that it was the intent of the Board to shorten the minutes briefly covering only the topics and actions of the Board. There was a brief discussion among the homeowners concerning the minutes.

AD-HOC CABLE COMMITTEE REPORT

Dale Christenson reported that he and Jim Forster had been working on cable TV alternatives at MDCA for quite some time now. Dale made a presentation at the last Board meeting on the available alternatives to our current head-end system. One alternative would be to trench in new cabling from one end of the colony to the other, basically replicating, and in the process, updating, our current cable TV system. That alternative was determined to be a very costly approach. Dale clarified that he felt that his mission given him by the Board was to research information on an alternative satellite TV installation and the costs involved. As a result, Dale asked Interactive Solutions, a company that performs high-end satellite installations and audio/visual system implementations for both residential and commercial facilities to visit the property, assess the current cable system, and present the Colony with options. Interactive Solutions is headquartered just outside of Sacramento.

The proposal as presented by Interactive Solutions was for one satellite dish, with an attached “Terk” antenna, (for local stations), to be installed on each building. Each antenna would feed every home in that building. The “Terk” antenna would allow local channels to be seen with or without having to subscribe to the cable service. With the “Terk” antenna, television sets at MDCA can receive approximately 10 channels including PBS, NBC, Fox, and three Spanish stations, but not ABC. It was noted that local channels that broadcast through a provider for re-sale would not be available to MDCA via the “Terk” antenna system, but may be via the satellite system. The proposed installation would include the satellite dish, one “Terk” antenna, all necessary wiring, a wall plate that includes a coaxial termination and a phone termination, the wiring for the phone connection, and various under-the-house distribution box equipment. Wall plates will be painted to match the décor in the living room and will have a total of three outlets, - one for the TV, one for add-on DSS reception, and one for a phone jack. The phone line is connected to the satellite receiver.

The proposal includes that the satellite dishes are mounted at the point where the roof, valley, and chimney meet. The dishes will be painted brown to match our existing trim and will have brown vinyl covers that are in the shape of a cone. These covers provide protection for the dish, given our adverse weather conditions here on the coast. The placement and physical installation of the satellite dish and accessories is such that it will be as unobtrusive as possible. All exterior wiring will run down the interior of the chimney chase to the crawl space of the unit, and then back up through the walls into each unit. There is a one-year parts and labor warranty on all installed equipment. After the warranty period, Interactive Solutions proposes that they negotiate a service contract (approximately \$6.00 per unit monthly) in which they would visit the property on a yearly basis, assess the system, conduct preventive maintenance, and make necessary adjustments or repairs.

Once the dishes are installed, there are two major service options available to the Association. The first is where the provider could provide a BASIC cable package to all homeowners billed through the Association which would include “Total Choice Programming” – over 105 channels including digital music channels, PBSU (PBS University), TNT, CNN, CNBC, etc. -- from Direct TV. If the Association purchased the Basic cable for every home, the monthly cost would be \$16.99 (discounted rate) per unit. This rate is guaranteed for two years. If the Association elected to include a west-coast feeds from Los Angeles including ABC, NBC, CBS, Fox, and PBS there would be an additional \$5.99 charge per month added to the \$16.99. The cost of this installation is \$30,907.66 for all 120 homes.

The second scenario would be that the Association only put up the satellite dishes with the “Terk” antennas and provide the service jacks in each home. The homeowner would be responsible to custom-order programming if they so desired, with the provider. The price for Basic cable in this scenario would be \$31.99 per unit monthly, billed directly to the homeowner. West coast feed channels (Los Angeles) to include ABC, NBC, CBS, Fox, and PBS would be an additional \$5.99 per month. Under this scenario, homeowners can elect not to receive satellite channels and use only the local “Terk” Antenna for television service. Direct TV will discount the installation of this option by \$10,000. The total contract cost of this installation is \$20,907.66 for all 120 homes.

There was a lengthy discussion concerning reception via the “Terk” antenna and the cost for installation of the two programs.

In the presentation, it was noted that regardless of who purchases the cable package, each receiving television must have a set-top receiver so that the TV can decode the signals sent to the satellite dishes. These receivers must be purchased by the homeowner and can range from a basic receiver to one with TIVO or HDTV and beyond, (many options available). Receivers are priced from \$99.00 for a base model and go up from there. Unit owners can purchase one or multiple receivers of many different types that will have the ability to perform different functions within the same household, i.e. basic programming on one set and the premium programming package on the other. If an owner just elected to receive the same programming on each receiver in the home, the cost to the homeowner would be the monthly program fee (basic cable), plus a \$4.99 charge for equipment to “mirror” the programming on each receiver. In addition, with Direct TV, Interactive Solutions can integrate the Direct TV system into an existing AV system or home theater system with surround sound.

High-speed Internet connections are not currently an option with the installation of the proposed satellite dishes. Currently high-speed Internet access through a satellite dish is available only on a 1:1 ratio and would require a different, larger, dish than the one proposed for the cable.

After some discussion among the Board and homeowners present, the Board asked Dale to pursue two bid proposals with Interactive Solutions, one with bulk packaging and the other with installation only and owner/provider program contracting. It was the general consensus that any program change would be an improvement over the current cable system. The Association currently pays approximately \$9.95 per unit per month for existing cable service from Direct TV, and an average of another \$9-10 per unit per month for the maintenance and upkeep of our current underground cable system.

It was also pointed out that the Association still had the option of opting out of the cable business altogether and letting individual homeowners obtain their own cable and installation if they so desired. The Environmental Control Committee could set guidelines for the installation of private satellite dish systems, which would comply with the Federal Telecommunications Act of 1996 while at the same time, restrict the positioning of the satellite dishes on the homes to certain, unobtrusive areas.

Dick thanked the committee for all the work it has put into bringing the presentations to the Board for review.

TREASURER’S REPORT

Mary Jansing-Balگوoyen prepared a written report and presented it as follows: “As of December 31, 2001, our account balances are: Union Bank Reserve - \$312,245.31; Union Bank Operating - \$98,022.96; Investment Account - \$104,517.37 – that account includes a T-Bill that matured at the end of the year and was in the Investment Account as of December 31, which has now been transferred to the Reserve Account; Union Bank T-Bill - \$117,531.68 which is due on February 28 of this year; a CD of \$100,000 which is due on February 4 of this year; Petty Cash - \$1,286.43; Union Bank Water Company Operating Account - \$6,912.43; and, Union Bank Water

Company Reserve Account - \$57,460.05. Our payments to the Capital Replacement Fund of \$16,320 per month are current and the payments to the Mutual Water Association of \$3,316.80 per month are current”.

FINANCE COMMITTEE REPORT

Mary Jansing-Balگوoyen presented a verbal report as follows: “The Finance Committee met this morning at 8:30. We reviewed the financial documents and the operating and reserve budgets year to date and everything seems to be in good shape. We also discussed the funding of the South Well repair and the destruction of the North Well. John Gentry asked me to remind homeowners that as of July 1, 2002 there is another reserve special assessment due of \$4,500.”

Mary was asked what the committee decided regarding the funding of both the North and South Wells. Mary responded that the committee believes there is enough money in the water company to pay for the destruction of the North Well and we have enough cash in MDCA that they do not expect to have to have an assessment for the repair of the South Well. If we have to drill a new well, or there are other expenses outside of the anticipated cost of \$100,000.00 to repair the south well, we might then have to look at other funding options such as assessments.

ENVIRONMENTAL CONTROL COMMITTEE

Ellen Michaels said that the ECC last met on December 28, 2001.

1. - Unit #182’s ECC request was approved.
2. – Unit #262’s ECC resubmitted request was approved.

WATER COMPANY

Tom gave a verbal report on the status of the Water Company. He stated that the Association is still working with the county on the destruction of the North Well and the proposed repair of the South Well. The County is currently studying the information but has not yet responded to the Association on any of our requests for permits. In addition we have fully complied with the Health Department’s inspection of the Water System in November, and the County has responded that MDCA is in complete compliance with the Health Department’s requirements other than for the repair/replacement of the south well and the capping of the north well. We continue to maintain contact with both Environmental Health and the Water Resources Agency pending their study of our proposals on both projects.

Urban Water Conservation Plan

Tom reported to the Board that MDCA is in the third year of their 3-year Urban Water Conservation Plan first submitted to the county in 1999. Year one was researching water shut off and metering systems available for use here at the colony. Year two was to test systems and evaluate the results of these systems. Year three was to start implementing water cut-off and metering systems throughout the colony. The Flo-Logic Systems installed at two homes on a trial basis in fiscal year 2000–2001 proved to be faulty and the systems unreliable. We have abandoned this product and eliminated this application from use here at the Dunes. Tom stated that above ground cutoffs and other different metering systems that could help identify leaks in

the distribution system are still being looked at. The Finance Committee is discussing funding options for this project. Tom said he continues to respond to the County regarding the Urban Water Conservation Plan by explaining that the MDCA plan is a work-in-progress but may take a couple of more years to complete.

OLD BUSINESS

Ad-Hoc CCR Revision Committee

Dick Love reported that at the recommendation of the Association's Attorneys, he was forming a committee to review the Association's Governing Documents for possible update. Dick explained that after reviewing insurance issues, our attorneys uncovered many other inconsistencies in our CCRs that need to be addressed and have recommended to the Board that we revise our documents. Areas that need to be looked at are maintenance issues, insurance, and architectural review procedures. Dick asked Mary Balgooyen to chair the committee and solicited other homeowners to volunteer to serve on the committee with Mary. In addition to Mary Balgooyen, Jim McFeeters, Marty Deggeller, Russ Ryder, and Ted Swanson have all volunteered to serve on the committee. Tom was tasked to provide a set of current governing documents to the committee members as a starting point. Dick commented that the committee will bring any recommendations to revise our CCRs to the Board who will in turn discuss these changes in open meeting format. Any changes to our governing documents will take a formal vote of the general membership.

Exclusive use of Clubhouse

An application for the exclusive use of the clubhouse on Sunday, February 24, 2002 by the homeowners of unit #150, was reviewed and approved.

Miscellaneous

Dr. and Mrs. Floyd expressed their gratitude to the Board and to the MDCA homeowners for their support during the past few months.

ADJOURNMENT

With no other business, the meeting was adjourned at 12:07 P.M. The next Board Meeting will be on March 16, 2002 at 10:00 A.M.

Respectfully Submitted,

Thomas J. Bugary

Thomas J. Bugary, CCAM
Secretary